

Message Text

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E.O. 11652 : NA
TAGS : BENC, BAGDB, NI
SUBJ : MAJOR PROJECT: SUGAR MILL EXPANSION

REF : STATE 004186

1. NIGERIAN SUGAR COMPANY LIMITED(NISUCO) WAS ESTABLISHED AT BACITA ABOUT 14 YEARS AGO. THE PLANTATION IS LOCATED IN KWARA STATE ALONG THE SOUTH BANK OF THE NIGER RIVER JUST EAST OF JEBBA WHERE THE MAIN NORTH-SOUTH ROAD CROSSES THE RIVER. IT IS A LONG NARROW STRETCH OF LAND RESTRICTED TO THE ALLUVIAL SOILS ON THE EDGE OF THE RIVER BECAUSE EFFORTS TO EXPAND OUTWARD ONTO HIGHER GROUND, USING OVERHEAD IRRIGATION, WERE THWARTED BY NEMATODES.

2. PARTNERS IN NISUCO INCLUDED THE FEDERAL GOVERNMENT, STATE INVESTMENT INSTITUTIONS LIKE THE FORMER WESTERN NIGERIA DEVELOPMENT CORPORATION, PARA-STATAL INVESTMENT BANKS LIKE THE NIGERIAN INDUSTRIAL DEVELOPMENT BANK AND NEW NIGERIA DEVELOPMENT CORPORATION, AND FOREIGN FIRMS TATE AND LYLE AND BOOKER MCCONNEL. THE LATTER FIRM WAS PROJECT MANAGER AND GRADUALLY WITHDREW UNTIL NOW NISUCO IS 100 PERCENT NIGERIAN RUN. MR. STEPHEN ADE JOHN
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WAS NOMINATED BY THE FMG TO REPLACE PERMANENT SECRETARY OF INDUSTRIES AHMED JODA AS CHAIRMAN IN 1976. THE GENERAL MANAGER, ALHAJI MAHMUD WAZIRI, RESIGNED IN 1976 AND HIS FUNCTIONS WERE ASSIGNED TO DEPUTY GENERAL MANAGER ALHAJI KOLAWOLE BUSARI.

3. IN 1967, NISUCO PRODUCED ABOUT 21,000 TONS OF SUGAR. PRODUCTION PEAKED AT 34,840 TONS IN 1975 AND FELL TO 31,732

TONS IN 1976, LARGELY AS A RESULT OF PROBLEMS WITH PESTS, DISEASE AND CLIMATE. THE AVERAGE SELLING PRICE OF SUGAR PRODUCED BY NISUCO FELL FROM NAIRA 455 PER TON IN 1975 TO NAIRA 414 PER TON IN 1976. AS A RESULT OF PRODUCTION AND PRICE DECLINES, NET AFTER TAX PROFITS DECLINED FROM NAIRA 7.7 MILLION IN 1975 TO NAIRA 3.2 MILLION IN 1976. PROFITS FOR 1977 ARE EXPECTED TO BE SLIGHTLY LOWER STILL, ALTHOUGH PRODUCTION RECOVERED A BIT. IN 1976, ISSUED SHARE CAPITAL WAS INCREASED FROM NAIRA 6.7 MILLION TO NAIRA 10 MILLION.

4. THE PRESENT CAPACITY OF NISUCO MILL IS ABOUT 60,000 TONS PER YEAR. IN ORDER TO BRING ACTUAL PRODUCTION CLOSER TO CAPACITY, SAY ABOUT 50,000 TONS PER YEAR, THE COMPANY HAS UNDERTAKEN TO PREPARE AND PLANT AN ADDITIONAL 715 HECTARES IN THE OSHIN RIVER BASIN, AND WILL INSTALL ADDITIONAL PLANT AND EQUIPMENT. THE TOTAL VALUE OF THIS EXPANSION PROGRAM IS NAIRA 7.7 MILLION, FINANCED FROM RETAINED EARNINGS. EMBASSY SOURCE BELIEVES A FRENCH COMPANY HAS BEEN AWARDED CONTRACT FOR FIELD DEVELOPMENT, BUT WAS NOT SURE OF STATUS OF EQUIPMENT ORDERS. SUGGEST INTERESTED FIRMS VISIT NISUCO IN PERSON OR, AT MINIMUM, WRITE: V. TYOIKAA UJI, COMPANY SECRETARY, NIGERIAN SUGAR COMPANY LIMITED, BACITA ESTATE, JEBBA, KWARA STATE.

5. AIRGRAM FOLLOWS WITH STATUS REPORT ON NIGRIAN SUGAR INDUSTRY.

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